

EXHIBIT 8

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: :
: Master File No.
Global Brokerage, Inc. : 1:17-cv-00916-RA
F/k/a FXCM, Inc. :
Securities Litigation :
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** C O N F I D E N T I A L **

REMOTE VIDEO DEPOSITION OF: JOSEPH S. PATT
THURSDAY, APRIL 23, 2020

REPORTED BY:
SILVIA P. WAGE, CCR, CRR, RPR

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2 A. Correct.

3 Q. Okay. Taking a look at the bottom
4 part of this spreadsheet, we'll see a number of
5 transactions in the FXCM common stock, correct?

6 A. Correct.

7 Q. And so the first three, for instance,
8 are -- under "trade entity type" are labeled
9 "short."

10 Can you explain to me what a "short"
11 transaction is?

12 A. Yeah. You borrow stock that you
13 don't have and you sell it in the market.

14 Q. If you are shorting a stock, are you
15 betting that the price of the stock goes up or
16 the price of the stock goes down?

17 A. That it goes down.

18 Q. So what was the rationale behind
19 shorting FXCM common stock in connection with
20 these transactions in January of 2015?

21 A. Sure. When we were buying the bonds,
22 which as, you know, we spent a lot more money on,
23 we -- it was of our view, I think, that, like,
24 well, we had a lot of confidence in the value of
25 the bonds, but Leucadia is there, maybe they'll

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2 take a lot of the equity. There's a lot of value
3 in this business. They were making so much money
4 in previous years trading FX for retail and
5 institutional clients that, you know, it looked
6 like Leucadia was in a great position and we were
7 in okay position behind Leucadia that, you know,
8 maybe we would be able to exchange stock --
9 exchange bonds for stock. We should hedge some
10 of our position, as you know we're a hedge fund.
11 So we took a tiny hedge on in the stock against
12 the bonds that we owned.

13 Q. And when you say you took "a tiny
14 hedge on the stock against the bonds" that you
15 owned, does that mean that you were trying to bet
16 that the stock would go in the different
17 direction than the bonds would go?

18 A. No.

19 Q. I just -- let me ask a better
20 question.

21 A. We were taking our risk off. We were
22 hoping -- making our position less risky allowing
23 ourselves to buy more bonds.

24 Q. And just explain to me --

25 A. We wanted -- we wanted to lose money

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2 labeling, this looks like something that was
3 downloaded from our OMS Paladin.

4 What happens in our OMS is that,
5 like, when an option expires -- and all these
6 were options that expired, you know, years ago --
7 it disappears from the OMS, unless you sort of
8 reset it back where's it will still have the
9 stocks and the bonds in there, you know, unless
10 you sort of reset the time on the option.

11 So my guess is whoever was
12 downloading this was downloading everything in
13 the FXCM issuer bucket that was still in there
14 but didn't see the options because they were
15 gone.

16 Q. Okay.

17 A. On a relative basis, the options
18 trades I know weren't very big. And I can't even
19 remember which directions they were, frankly.

20 From looking at what we had looked at
21 before, all of them were long option trades it
22 seems.

23 Q. So how are option trades memorialized
24 in 683 Capital's records?

25 A. Again, in the confirms and old